

Message Text

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PAGE 01 STATE 112960
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DRAFTED BY HA/ORM:ASLANG/KDTHOMAS:ND
APPROVED BY HA:JLCARLIN
HA/ORM:SCLOWMAN
HA/EX:JEBARKER (DRAFT)
HA/ORM:GLWARREN,JR. (PHONE)
HA/ORM:JBROH-KAHN

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P 032101Z MAY 78
FM SECSTATE WASHDC
TO USMISSION GENEVA PRIORITY

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E.O. 11652: N/A

TAGS: SREF, ICEM

SUBJECT: ICEM BUDGET PROPOSAL FOR IPP-78

REF: A. STATE 110602, B. GENEVA 05920, C. STATE 83341

1. PLEASE SUBSTITUTE FOLLOWING FOR ALL THAT PORTION OF
PARA 5 REFTEL A BEGINNING WITH THE SECOND SENTENCE:

QUOTE ICEM HAS RECEIVED UNDER THE IPP-77 AGREEMENT A TOTAL
OF DOLS. 304,820 FOR REIMBURSABLE COSTS. BASED ON THE OCT-
DEC 1977 MONTHLY EXPENDITURE RATE, THESE SHOULD BE
SUFFICIENT FUNDS TO SUSTAIN THE ICEM OPERATION ALMOST
THROUGH JULY 1978; AN ADDITIONAL DOLS. 63,620 WOULD BE
NECESSARY TO FINANCE THE PROGRAM THROUGH SEPT 1978. UNQUOTE

2. CHANGE THE FIGURE DOLS. 663,820 TO DOLS. 546,820, LINE
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4, PARA 6 REFTEL A.

3. THE FOLLOWING ADDITIONAL COMMENT CONCERNING SUBJECT
SHOULD GUIDE YOUR FURTHER IPP-78 BUDGET PROPOSAL DISCUSS-
IONS WITH ICEM:

--A. THE ICEM IPP-77 AGREEMENT COVERED SERVICES FOR 15,000

REFUGEES AND INCLUDED PROGRAM START COSTS. IN SHARP

CONTRAST, THE ICEM IPP-78 PROPOSAL FOR THESE SERVICES COVERS ONLY 7,000 REFUGEES, LESS THAN HALF THE WORKLOAD COVERED BY THE IPP-77 AGREEMENT, AND NO STARTING COSTS ARE INVOLVED. YET ICEM PROPOSES TO CHARGE FOR PROCESSING THESE 7,000 REFUGEES IN MOST INSTANCES ALMOST AS MUCH AS FOR THE 15,000 IPP-77 REFUGEES, AND IN TWO INSTANCES SIGNIFICANTLY MORE: ITEM 9B COMMUNICATIONS DOLS. 40,000 FOR IPP-77 AND DOLS. 45,000 FOR IPP-78; AND ITEM 7, TRAVEL AND SUBSISTANCE FOR ONE OFFICER OPERATING FROM HONG KONG, DOLS. 20,000 FOR IPP-77, DOLS. 25,000 FOR IPP-78. THE COST OF COMMUNICATIONS SHOULD BE GOVERNED BY THE VOLUME OF CASES. THEREFORE A SUBSTANTIAL REDUCTION SHOULD TAKE PLACE.

--B. OTHER QUESTIONABLE ASPECTS ARE:

(1) DOLS. 5,000 FOR TRAVEL FOR NEGOTIATIONS AND CONTROL FOR IPP-77, (ITEM 1) THE SAME REQUIRED FOR IPP-78.

(2) DOLS. 65,410 FOR TWO OPERATIONS OFFICERS (ITEM 2) BANGKOK AND KUALA LUMPUR IN IPP-77, AND DOLS. 50,000 FOR THESE TWO OFFICERS FOR IPP-78, A PROGRAM WHICH IS MUCH SMALLER THAN IPP-77 AND THEREFORE LIKELY TO BE OF MUCH SHORTER DURATION. 10,500 FOR EXAMPLE FROM BANGKOK UNDER LIMITED OFFICIAL USE

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IPP-77 BUT ONLY 2,000 OR SO ARE TO BE MOVED FROM BANGKOK UNDER IPP-78.

(3) DOLS. 10,000 FOR LOCAL STAFF AT HONG KONG FOR IPP-77, (ITEM 8) ANOTHER DOLS. 10,000 FOR THE MUCH SMALLER AND SHORTER IPP-78 PROGRAM.

4. IN ADDITION TO THE ABOVE, THERE IS ONE VERY IMPORTANT QUESTION WHICH WE FEEL MUST BE CLARIFIED IN THIS CONNECTION, QUOTE WHAT DOES THE DOLS. 30 PER CAPITA SERVICE FEE COVER? UNQUOTE ICEM RECEIVES A TOTAL OF DOLS. 450,000 UNDER THE IPP-77 AGREEMENT FOR THIS ITEM AND WOULD RECEIVE AN ADDITIONAL DOLS. 210,000 UNDER IPP-78. WHY THEN MUST WE PAY EXTRA FOR ITEMS SUCH AS TRAVEL FROM GENEVA QUOTE FOR NEGOTIATIONS AND CONTROL OF IPP ACTIVITIES UNQUOTE (ITEM 1)? WHY ARE SALARIES OF OPERATIONS OFFICERS AND SUPPORT STAFF PAID SEPARATELY, SINCE ICEM SERVICE CHARGE IS TO COVER STAFF? ALL ICEM HEADQUARTERS COSTS SHOULD BE COVERED BY THE DOLS.30 PER CAPITA CHARGE. WHILE SPECIAL ACTIVITIES FROM TIME TO TIME MIGHT GENERATE A SLIGHT PROFIT, IT IS NOT THE INTENT OF THE MEMBER GOVERNMENTS THAT THEY BECOME A SIGNIFICANT SOURCE OF EXTRA INCOME.

U.S. MISSION SHOULD CAUTION ICEM THAT THEIR PROPOSAL ON
IPP-78, PARTICULARLY THOSE ITEMS UNDER CHALLENGE, RAISES
SERIOUS QUESTIONS ON THE COST OF A LARGE VOLUME PROGRAM.

THIS POINT SHOULD BE KEPT IN MIND WHEN DETERMINING WHICH
ITEMS UNDER THE GUIDELINES JUSTIFY FULL REIMBURSEMENT. VANCE

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